

ARRA FUNDED ENERGY PROGRAMS

INVESTING IN CALIFORNIA'S ENERGY FUTURE



CALIFORNIA ENERGY COMMISSION

FEBRUARY 2010

THE CALIFORNIA ENERGY COMMISSION IS RECEIVING \$314.5 million in American Recovery and Reinvestment Act (ARRA) funding for energy-related projects and rebates. The Energy Commission is administering four ARRA-funded programs: The Energy Efficiency Conservation Block Grant Program (\$49.6 million), the State Energy Program (\$226 million), the Energy Efficient Appliance Rebate Program (\$35.2 million) and Energy Assurance Planning (\$3.6 million). Funds for the State Energy Program and the Energy Efficiency Conservation Block Grant Program must be encumbered by September 2010 and the Energy Commission is on track to move the money out well in advance of the deadline.

Investing for the Future

The ARRA programs are designed for creating a foundation for future energy efficiency and renewable energy work. Investing in green workforce training program and developing trained workers is key to the success of the ARRA energy efficiency and renewable energy programs. California has many skilled housing-industry workers who are unemployed, and with training, can become vital to the clean energy industrial revolution. Our efforts are committed to creating sustainable high-quality jobs – not “make work” projects – that provide long-term benefits to California’s energy sector. Investing in energy efficiency pays off in many ways -- the commercial and residential building owner, the economy, and the environment all benefit immensely from lower energy costs and fossil fuel energy use.

Increasing ARRA funds with private and public sector match funds is a foundational tenet of the Energy Commission’s ARRA programs. The energy efficiency retrofits in public sector buildings are bringing in an estimated \$3 for every \$1 of ARRA dollars invested. The Clean Energy Business Financing loan program is designed to leverage even more private sector funds while retaining and creating jobs for energy industry manufacturing facilities in the state.

Guiding Principles in Administering ARRA Funds

The Energy Commission is committed to five specific principles and priorities in awarding the ARRA funding for energy programs that will allow us to leverage more dollars, distribute the funds throughout the state more effectively and be in alignment with the intent of the federal legislation.

- » Stimulate the economy and create and retain jobs in California.
- » Achieve lasting and measurable energy benefits.
- » Expend money efficiently, with accountability and minimal administrative burden.
- » Contribute to meeting California's energy and environmental policy goals.
- » Leverage other federal, state, local and private financing through partnerships.

Many of our program solicitations align with the Department of Energy's (DOE) Energy Efficient Conservation Block Grant competitive proposal issued October 2009 and the proposed Home Star program.

Accelerated Program Development and Approval

The Energy Commission considered a balanced portfolio of long-time successful programs (such as Revolving Loans) and new pioneering and innovative programs (such as Clean Energy Business and Municipal Financing programs) when developing the federal stimulus funded programs. Overall these programs accelerated the typical regulation process from 18 months to less than six months, while still maintaining exceptional stakeholder buy-in, and conducting and participating in 35 public forums statewide. Additional statutory spending authority was also necessary and unprecedented fast-track legislation was moved through in three months.

Preventing Fraud, Waste and Abuse – Insuring Transparency and Accountability

Investing in fraud, waste and abuse prevention and detection strategies by contracting with a knowledgeable firm is a key component to implementing the Energy Commission's risk mitigation strategies for the ARRA programs. Additionally, the Energy Commission has contracted with an energy engineering firm that will measure and evaluate the performance of the newly installed energy technologies to ensure that these projects meet the projected energy savings and green house gas reductions proposed in the application for funds.

Supporting Competitive ARRA Awards

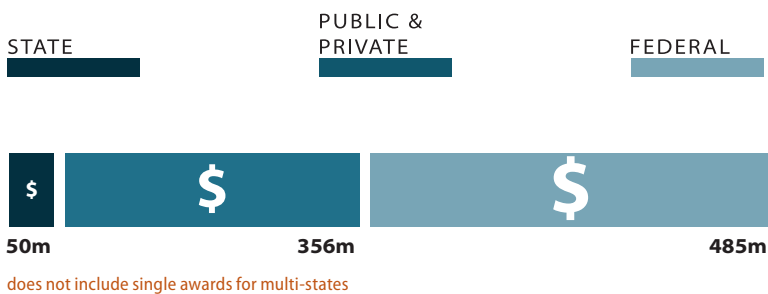
Energy Commission staff are working closely with other California agencies and departments, industry, academic institutions and other key stakeholders to collaborate and develop partnerships to pursue the ARRA competitive funds. Energy Commission staff are also providing technical assistance and offering letters of support to project applicants submitting proposals to DOE and other federal agencies. Where possible, the Energy Commission is providing matching funds to support California parties that are successful in obtaining federal awards. Currently California has been awarded \$1.6 billion or about eight percent of the national share of competitive ARRA funds for energy programs.

It is important to note that California is stepping up with substantial state funds to match federal ARRA competitive funds. To date more than \$50 million in state matching funds for ARRA competitive awards has been awarded through two state-funded programs (Alternative and Renewable Fuel and Vehicle Technology Program and the Public Interest Energy Research Program) leveraging \$485.4 million dollars in federal monies and \$356.1 million in private and public sector funds. These awards include investments in cleaner low emission alternative fuel vehicles and low-carbon fuels, a variety of smart grid, renewable energy, and carbon dioxide capture and storage projects that will stimulate private investment, encourage market creation, provide consumer choice, and stimulate innovation.

Federal Speed Bumps

Buy American, the National Energy Policy Act and the National Historic Preservation Act add more approval and administration challenges for ARRA fund recipients. To expedite the ARRA project approval process, the Energy Commission received delegated authority from the State Historic Preservation Office to sign off on projects that meet the historic preservation requirements.

Leveraging Energy Commission Funds



The Energy Commission program awards leveraged more than \$800 million in federal and other public and private sector funding.



CALIFORNIA ENERGY COMMISSION
ARRA ADMINISTERED PROGRAMS

COMMITTED

IN PROCESS

REMAINING

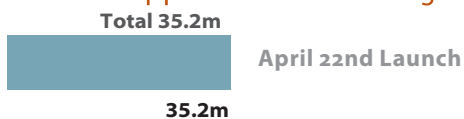
Energy Efficient Conservation Block Grants



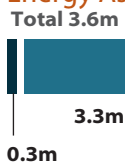
State Energy Program



Efficient Appliance Rebate Program



Energy Assurance Planning



Energy Efficient Conservation Block Grant Program

\$49.6 million

The Energy Efficient Conservation Block Grants (EECBG) Program focuses on projects that deliver lasting financial benefits to California consumers and the economy through energy efficiency. The Energy Commission estimates that energy efficiency investments from this program can annually save consumers 61.2 million kilowatt-hours of electricity; reduce CO₂ emissions by 22,541 tons, save local jurisdictions in excess of \$9 million in energy costs and create or retain community jobs.

The EECBG Program will provide almost \$30 million in direct allocations to California's eligible small cities and counties. The local governments can use these funds to concentrate on cost-effective energy efficient projects for their communities and the options are almost limitless when considering the various types of lighting retrofits, building upgrades, mechanical equipment, clean energy systems and various energy management controls available. The remaining funds will be spent for energy planning that reduces green house gas emissions and dependency on fossil fuels.

Potential Leveraged Funding: To Be Determined

Target Audience: California small cities and counties

Current Status: More than 200 proposals have been received and all EECBG awards expected to be complete by the end of the second quarter 2010.

Projected Job Creation*: 375 jobs

* Based on DOE job development formula

State Energy Program

\$226 million

The SEP is funding these efforts:

- » Energy Efficiency Building Retrofit and Municipal Financing Programs (\$110 million)
- » 1% Interest Energy Efficient Revolving Loans (\$25 million)
- » Energy Efficient State Property Revolving Loans (\$25 million)
- » Clean Energy Workforce Training (\$20 million)
- » Clean Energy Business Financing (\$35 million)

SEP Energy Efficiency Building Retro & Municipal Financing Programs

\$110 million

Aimed at promoting economic vitality and jobs for the new, clean energy workforce, the SEP Energy Efficiency Program is providing up to \$110 million for energy projects focused on residential and commercial building retrofits for energy efficiency measures and installing on-site solar photovoltaic systems. These competitive funds are offered competitively to a large audience including local jurisdictions, non-profits or private organizations to create partnerships for three different areas. (The funding levels and actual programs will be determined once the highest scoring projects are announced in February 2010.)

The SEP Residential Building Retrofit Program allows a range of home and multifamily residential retrofits from simple improvements using straightforward checklists and trained contractors to install insulation or duct sealing to more complex whole house retrofits employing home energy raters and building performance contractors who are trained to accomplish deeper, comprehensive retrofits.

The Commercial and Municipal Building Retrofit Program focuses on specific, highly efficient technologies that are easy to install such as lighting for parking structures, lots or walkways, heating, ventilation and air conditioning systems.

The Municipal Financing Program is aimed at assisting cities, counties and groups of cities and counties in developing or to continue implementing their own financing program that are also referred to as Property Assessed Clean Energy (PACE) or AB 811 programs. This financing program allows building owners to finance permanent energy efficiency and on-site renewable energy improvements through an assessment paid with their property tax.

California's proposed energy efficiency retrofit programs closely parallel both the recent Competitive Energy Efficiency Conservation Block Grant solicitation issued by the DOE in October 2009 and the currently proposed Home Star program.

Potential Leveraged Funding: \$300 million private funding and utility rebates

Target Audience: Partnerships with local jurisdictions, non-profits, utilities or private organizations

Current Status: Approximately 100 proposals requesting more than \$890 million in funds were received. Proposals are being scored and funds will be awarded by end of first quarter 2010. Project groundbreaking activities anticipated early second quarter 2010.

Projected Job Creation*: 1,195-4,456 jobs

* Based on DOE job development formula

State Energy Program (continued)

1% Interest Energy Efficient Revolving Loans

\$25 million

It's important for California's local governments and public entities to get the most from any federal funding. Combining an EECBG or SEP grant with a low interest loan is a smart choice. The California Energy Commission is infusing \$25 million in stimulus funds into a statewide program offering a first-time ever low interest rate of 1 percent for local jurisdictions to invest in energy efficiency, save money, reduce greenhouse gas emissions and build new jobs and industries for their communities. These loans combined with other program such as utility rebates will help local governments to jump start jobs in their community by getting more dollars for energy projects. Loans are repaid from energy savings and loaned out again for more energy projects. Eligible projects include, but are not limited to, energy efficient street lighting and commercial building retrofits for energy efficient lighting projects, chillers, heating and air conditioning systems. The maximum loan amount is \$3 million with a project repayment period of ten years or less from energy savings.

Potential Leveraged Funding: \$11.9 million private funding and utility rebates

Target Audience: Cities, counties, special districts, public schools, colleges and universities, public care institutions, and public hospitals

Current Status: To date, 15 local jurisdictions have been awarded more than \$17.5 million in low interest ARRA funded loans and an additional \$7 million in loans will be issued in February 2010. Program is oversubscribed.

Projected Job Creation*: 270-395 jobs

* Based on DOE job development formula

Energy Efficient State Property Revolving Loan Program

\$25 million

Using State Energy Program ARRA funds, the Department of General Services (DGS) opened California's first revolving loan program to install energy efficiency retrofit projects on state-owned buildings and repay the loans from the energy savings.

Potential Leveraged Funding: \$7.5 million in utility rebates and public funds

Target Audience: State-owned buildings

Current Status: DGS has signed \$3.7 million in loans to retrofit five state buildings with another five loans for more than \$12 million by the end of the first quarter 2010. DGS anticipates this program to be fully subscribed by the end of the second quarter 2010.

Projected Job Creation*: 270-355 jobs

* Based on DOE job development formula

State Energy Program (continued)

Clean Energy Workforce Training Program

\$20 million

With \$82 million in total funding, Governor Schwarzenegger launched the nation's largest clean energy workforce training program, in August 2009. The program will provide training for hands-on green collar jobs in 3 focus areas:

- » Green building, energy and water efficiency, including weatherization green plumbing and HVAC installation.
- » Clean energy (distributed generation and utility scale), including photovoltaic installation, wind turbine maintenance and installation verification.
- » Clean transportation such as low-emission vehicle technology, biofuel feedstock production and alternative fuel vehicle maintenance.

The green building and clean energy programs target retraining for unemployed or underemployed construction workers and entry-level skills for new workforce entrants in the clean energy economy. The clean transportation program targets incumbent workers to foster the transition to a low-carbon future.

The Energy Commission, the Employment Development Department and the California Workforce Investment Board awarded \$26.7 million in grants to 34 community colleges and local workforce investment boards that are offering an array of classes, such as home energy rater, sustainable landscape auditor, solar thermal technical and automotive computer system technician.

The Energy Commission also awarded \$5 million to the Employment Training Panel to retrain existing workers and build skills for green building and clean energy jobs.

Potential Leveraged Funding: \$62 million public-private matching funds and other government funding

Target Audience: Partnerships of community colleges, local workforce investment boards, community organizations and private employers

Current Status: The programs are currently enrolling participants and beginning training.

Projected Job Creation: Focus is workforce training, not direct job creation, expected to employ 217 as individual trainers in various fields.

Clean Energy Business Financing Program

\$35 million

Focused on industry job creation and retention by providing low interest loans to private companies that will retool, improve, modify or expand clean energy manufacturing facilities. Up to \$5 million in low interest loans will be provided to California companies that manufacture energy efficiency or renewable energy equipment such as solar photovoltaic panels and energy efficiency products, or firms that produce biomethane gas.

Potential Leveraged Funding: To Be Determined

Target Audience: Private sector energy companies

Current Status: Guidelines adopted early February 2010. The low interest loans will be available in the second quarter 2010.

Projected Job Creation*: 380-1,956 jobs

* Based on DOE job development formula

Energy Efficient Appliance Rebate Program

\$35.3 million

California's "Cash 4 Appliances" Rebate program roll out is set for April 22, 2010. Three residential appliance categories were selected to be eligible to receive rebates: clothes washers (\$100), refrigerators (\$75), and room air conditioners (\$50). Consumers can combine these rebates with existing rebates offered by California's utilities or appliance manufacturers. The Energy Commission used the list of "pre-screened" appliances from the DOE. To qualify, the appliances must be ENERGY STAR®-listed and certified to the Energy Commission as meeting all state and federal appliance efficiency standards.

Potential Leveraged Funding: More than \$1 million in match funds from sponsors to promote, market and help administer the program.

Target Audience: More than 400,000 California residential consumers are expected to participate in the program.

Current Status: Competitive solicitation for rebate processing company issued in January with contract to be awarded in March 2010. Rebate checks will start being issued in May and we expect the program to be fully subscribed creating a significant burst of demand for appliance retailers and installers.

Energy Assurance Planning

\$3.6 million

The State Energy Assurance Initiative provides money to state governments agencies to improve emergency preparedness plans and ensure electricity grid resiliency on a regional basis, including staff training on smart grid technologies integration, interdependencies, and cyber-security. The Energy Commission will use a portion of the funding to update the states Energy Assurance Plan to include recent advancements in technology (such as smart grid), critical infrastructure interdependencies, cyber security, energy supply systems, energy data analysis, and communications. In addition, in-house expertise will be developed on energy assurance planning and a process for tracking the duration, response, restoration and recovery time of energy supply disruption events. The Energy Commission will also participate in a minimum of two state and regional energy emergency exercises.

Potential Leveraged Funding: To Be Determined

Target Audience: California local governments

Current Status: Approved a \$300,000 contract with California Utilities Emergency Association to assist with updating the state's Energy Assurance Plan and for conducting regional energy emergency exercises. Program Opportunity Notices for up to 30 local government energy emergency plan grants to be released March 2010.

ARRA FUNDING INFORMATION

www.energy.ca.gov/recovery

Sign up on Recovery ListServe for updates and notices

EECBG INFORMATION

www.energy.ca.gov/recovery/blockgrant.html

SEP INFORMATION

www.energy.ca.gov/recovery/sep.html

CALIFORNIA'S CASH 4 APPLIANCES REBATE PROGRAM

www.energy.ca.gov/recovery/energystar.html

QUESTIONS? CONTACT US

www.energy.ca.gov/recovery/contactus.html

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